

Message Text

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ACTION EB-08

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PASS TREASURY FOR RICHARD KELLY AND FEDERAL RESERVE
BOARD FOR THEODORE ALLISON

E.O. 11652: N/A
TAGS: EFIN, BR
SUBJECT: BRAZILIAN INTEREST IN U.S. PUBLIC DEBT MANAGEMENT

1. SUMMARY. THE CHIEF OF THE PUBLIC DEBT DEPARTMENT IN THE CENTRAL BANK, JOAO ARY DE LIMA BARROS, HAS COMMUNICATED OFFICIALLY TO FINATT REQUESTING ASSISTANCE IN ARRANGING APPOINTMENTS AND TRAINING SESSIONS FOR TWO BRAZILIAN OFFICIALS AT TREASURY AND FEDERAL RESERVE BOARD DURING TWO WEEK PERIOD IN MAY. CENTRAL BANK IS COMMUNICATING DIRECTLY WITH NEW YORK FED AND SEVERAL PRIVATE INVESTMENT FIRMS IN NEW YORK WITH REGARD TO PROPOSED MEETINGS THERE FOLLOWING SESSIONS IN WASHINGTON. CENTRAL BANK IS IN PROCESS OF TRYING TO UPGRADE AND EXPAND ITS OPERATIONS INVOLVING THE MANAGEMENT OF BRAZIL'S PUBLIC DEBT. EMBASSY THEREFORE RECOMMENDS WASHINGTON AGENCIES BE AS RESPONSIVE AS POSSIBLE FOR GOB REQUEST FOR BRIEFINGS. END SUMMARY.

2. TWO BRAZILIAN CENTRAL BANK OFFICIALS PROPOSE TO SPEND APPROXIMATELY TWO WEEKS IN WASHINGTON AND UP TO TWO MONTHS IN NEW YORK STUDYING PUBLIC DEBT MANAGEMENT
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AND OPEN MARKET OPERATIONS IN THE U.S. THE PARTICIPANTS ARE ELMO CAVALCANTE GOMES AND ANTONIO RIBEIRO DE SOUZA. THEY WOULD LIKE TO SPEND 1-5 MAY AT TREASURY, 8-12 MAY AT THE FEDERAL RESERVE BOARD AND 15-16 MAY AT THE FEDERAL RESERVE COMPUTER CENTER IN CULPEPPER, VIRGINIA. IF POSSIBLE, THEY WOULD ALSO LIKE TO MAKE CALLS ON APPROPRIATE INDIVIDUALS WITH THE COUNCIL

OF ECONOMIC ADVISORS.

3. IN THE MEETINGS AT TREASURY, THE BRAZILIANS HOPE TO DISCUSS AND OBSERVE TO THE EXTENT POSSIBLE BOTH THE FORMULATION OF DEBT MANAGEMENT POLICY AND ITS IMPLEMENTATION. THEY ARE INTERESTED IN THE TECHNIQUES UTILIZED IN THE PLACEMENT OF USG DEBT INSTRUMENTS, REFINANCING, AND CONTROL OF THE COMPOSITION OF U.S. PUBLIC DEBT. THEY ARE PARTICULARLY INTERESTED IN THE COORDINATION WITHIN THE TREASURY OF OVERALL PUBLIC DEBT MANAGEMENT WITH DAILY OPEN MARKET OPERATIONS.

4. THE MAIN OBJECTIVE OF MEETINGS AT THE FEDERAL RESERVE BOARD WOULD BE TO STUDY THE STRUCTURE AND FUNCTIONING OF THE OPEN MARKET COMMITTEE. THE CENTRAL BANK OFFICIALS ARE INTERESTED IN LEARNING ABOUT THE DATA GATHERING AND ANALYSES WHICH FORM THE BASIS FOR DECISION-MAKING BY THE COMMITTEE. THEY ALSO WANT TO STUDY THE ACTUAL IMPLEMENTATION OF THE POLICIES AND DECISIONS THAT AFFECT BOTH SHORT-TERM AND LONG-TERM OBJECTIVES. FINALLY, THEY HAVE EXPRESSED A DESIRE TO VISIT THE FEDERAL RESERVE SYSTEM'S CENTRAL COMPUTER CENTER IN CULPEPPER, VIRGINIA.

5. THE CENTRAL BANK REPRESENTATIVES PLAN TO SPEND UP TO TWO MONTHS IN NEW YORK AFTER THEIR MEETINGS
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IN WASHINGTON. THEY ARE COMMUNICATING DIRECTLY WITH THE NEW YORK FED AND WITH THE FOLLOWING PRIVATE BANKS: MERRIL-LYNCH, SOLOMON BROTHERS, FIRST BOSTON, CHASE MANHATTEN, MORGAN GUARANTY, BANKERS' TRUST, AND IRVING TRUST. THE CENTRAL BANK HAS NOT REPEAT NOT REQUESTED OUR ASSISTANCE REGARDING THEIR SCHEDULE IN NEW YORK.

6. THE CENTRAL BANK HAS INDICATED THAT, ASUMMING THE PROPOSED PROGRAM IN MAY WORKS OUT WELL, A SECOND TEAM OF THREE INDIVIDUALS WOULD PLAN TO VISIT WASHINGTON AND NEW YORK IN SEPTEMBER.

7. ACTION REQUESTED: THAT TREASURY AND FEDERAL RESERVE BOARD RESPOND WITH SUGGESTED ITINERARY AND AGENDA FOR MEETINGS TO BRAZILIAN CENTRAL EITHER THROUGH EMBASSY FINANCIAL ATTACHE IN BRASILIA OR DIRECTLY TO MR. JOAO ARY DE LIMA BARROS, CHIEF, PUBLIC DEBT DEPARTMENT, CENTRAL BANK OF BRAZIL, RIO DE JANEIRO, BRAZIL.

8. EMBASSY POUCHING COPY OF CENTRAL BANK LETTER TO KELLY AND ALLISON.

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